



Director of
Central
Intelligence

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OCFAS/CIG

CY# 281

25X1

National Intelligence Daily

Monday
7 March 1983

~~Top Secret~~

CPAS NID 83-055JX

7 March 1983

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EL SALVADOR: Moves Toward Cooperation

The Constituent Assembly has extended Phase III of agrarian reform, and Defense Minister Garcia reportedly has said he will submit his resignation. [REDACTED]

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The liberal Christian Democrats reached a compromise last week with some hardline and moderate conservatives to win extension of the controversial "land to the tiller" program through the end of the year. Assembly leader D'Aubuisson and his National Republican Alliance voted against the proposal. [REDACTED]

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Comment: The trend toward cooperation is continuing despite the fragility of the coalition government. In the past two weeks, rival political parties have agreed to a national pacification plan, a formal peace commission, an earlier date for presidential elections, and continued agrarian reform. [REDACTED]

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USSR-MOZAMBIQUE: Machel's Visit Ends

Mozambican President Machel's trip to the USSR, which concluded yesterday, is being touted by both sides as a success, but Moscow's public commitment for its embattled client appears limited.

[redacted] 25X1

Machel's delegation included military and economic officials. The President met with General Secretary Andropov, Defense Minister Ustinov, Prime Minister Tikhonov, Foreign Minister Gromyko, Chief of the General Staff Ogarkov, and KGB head Chebrikov. [redacted] 25X1

The joint communique issued yesterday notes "profound satisfaction" with the talks and describes them as a new step in the development of bilateral relations. The only new accord mentioned is a protocol on cultural and scientific cooperation. The US Embassy reports, however, that the Soviets also agreed to provide assistance for several new economic development projects. [redacted] 25X1

The communique sharply criticizes "imperialism" but mentions the US explicitly only once. It also endorses a wide range of Soviet foreign policy positions, including contested issues within the Nonaligned Movement such as Afghanistan and Kampuchea. [redacted] 25X1

Comment: No new military aid was announced, but a portion of the communique noting that both sides favor expanding exchanges and consultations on issues of mutual interest may refer to an understanding to broaden military ties. Comments by a high-level Soviet Foreign Ministry official to a US diplomat in Moscow last Friday suggest that the USSR is considering increasing its military advisers in Mozambique. [redacted] 25X1

The absence of more direct criticism of Washington was probably a concession to Machel. The President recently has been trying to improve relations with the US and other Western countries. [redacted] 25X1

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FRANCE: Election Results

Early returns in the first round of municipal voting have given the opposition center-right parties about 51 percent of the popular vote, while the governing coalition of Socialists, Communists, and Left Radicals has received about 46 percent. Gaullist leader Chirac has easily won reelection as mayor of Paris, and opposition candidates have scored decisive victories in several other cities. A number of Socialist cabinet members have lost their mayoral posts, and Prime Minister Mauroy and Interior Minister Defferre will have to participate in runoff elections next Sunday. According to press reports, Socialist and Communist party leaders have conceded that the left has suffered a setback. [REDACTED]

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Comment: Many races will have to be settled in the runoffs, but the opposition has a good chance of regaining control of a majority of the 232 largest cities. The defeated cabinet members may resign, perhaps leading to a broader reshuffle. Mauroy and Defferre probably will keep their mayoral posts and remain in the cabinet.

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POLAND: Worker Dissatisfaction

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[REDACTED] US
Embassy officers who recently visited Gdansk noted considerable public unhappiness with the current economic situation there but little readiness to demonstrate.

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Comment: Government officials are having difficulty curbing inflation. The regime probably will be more successful this year in controlling price increases than in holding down wages, but this could still lead to longer lines and increased disgruntlement. Scattered demonstrations would set back Jaruzelski's efforts to portray a return to normalcy and might delay the Pope's scheduled visit in June. [REDACTED]

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IRAN: Possible Increase in Emigration

Almost 500,000 Iranians have applied for exit permits since Tehran relaxed travel restrictions and currency exchange regulations early last month, [redacted]
[redacted] Foreign Ministry officials estimate that as many as 7 million may apply, and many who leave will not return. [redacted]

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Comment: The regime hopes that the new regulations and the domestic liberalization campaign ordered by Ayatollah Khomeini in December will win over Iranian professionals and persuade them to participate in rebuilding the economy. It is unlikely to allow many skilled Iranians to leave, however, and multiple security checks and bureaucratic inefficiency will delay any exodus for several months. Tehran evidently is willing to accept the permanent loss of citizens who are disgruntled with the revolution to reduce discontent.

[redacted]

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NORTH KOREA: Reaction to Military Exercise

P'yongyang's domestic news service yesterday called attention to SR-71 overflights and continued its criticism of the US - South Korean Team Spirit exercise. [REDACTED]

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Comment: The North Koreans are trying to maintain their propaganda line as the Nonaligned Summit opens in New Delhi today. Even so, their latest protest was comparatively mild. [REDACTED]

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CANADA: Violence in Teachers' Strike

Attacks by angry demonstrators on Saturday against Quebec cabinet ministers and the car carrying Premier Levesque suggest that attitudes are hardening between the provincial government and the teachers' unions. The violence was the first since striking teachers returned to their jobs last month in the face of harsh back-to-work legislation. A cooling-off period called by the teachers to promote renewed negotiations is scheduled to end next Monday. [redacted]

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Comment: The government is maintaining its unyielding attitude toward the teachers' demands and now will find it nearly impossible to back down. The teachers, who have indicated some willingness to compromise, have won significant public sympathy with their return to work and their effective publicity of the harsher aspects of the back-to-work law. A permanent break between the ruling Parti Quebecois and the teachers--long among the party's strongest sources of support--is increasingly likely and could derail Levesque's plans for an independent Quebec. [redacted]

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Special Analysis

ROMANIA: Ceausescu Under Pressure

Growing public frustration over President Ceausescu's failing economic policies is undermining confidence in his leadership and weakening his authority at home. His foreign policy decisions have alienated both East and West and have diminished chances for foreign economic assistance. Ceausescu should be able to keep domestic opposition in check for now. Continued economic decline, however, could provoke more unrest in coming months and endanger his position.

[redacted]

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Declining growth since the late 1970s was brought on primarily by Ceausescu's forced industrialization policies in the face of increasing scarcities of raw materials, energy, and skilled labor. This led to a hard currency payments crisis in 1981 and forced Romania into debt re-scheduling last year. Cuts in imports of energy and raw materials were made to satisfy foreign creditors, but they have helped push industrial production growth rates to their lowest levels since the period that immediately followed World War II.

[redacted]

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Consumers are bearing the brunt of the regime's policies. Food shortages are the worst in over two decades, partly because Bucharest is giving priority to exports of food to earn hard currency. Energy shortages have caused numerous factory closings, increasingly frequent electricity outages, and substantial reductions in public transportation.

[redacted]

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Pay cuts are becoming more common for failure to fulfill unrealistic production quotas, and workers fear that the government's scheme for their voluntary investment in its enterprises will be made compulsory. Discipline has been tightened at the workplace

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Under these conditions, public morale continues to fall and criticism of Ceausescu is increasingly open. Over the past several weeks workers have staged numerous

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minor protests, including work stoppages and slowdowns.

[redacted]

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Turmoil in the Bureaucracy

Reports of divisions in the leadership, which first appeared after a major cabinet shakeup last year, have continued to circulate. In general, they depict an older, more hardline and anti-Western group pitted against younger and more highly educated officials. The hardliners currently seem closer to Ceausescu while the more moderate group has been weakened by recent purges. [redacted]

[redacted]

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The friction evidently is focused on economic problems. Ceausescu, for example, apparently ignored the advice of Foreign Minister Andrei and other moderates when he decided to impose an "education tax" on prospective emigrants. Andrei recently told the US Ambassador that he had disagreed with "some of the decisions" leading to imposition of the tax. [redacted]

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Diplomatic Isolation

Ceausescu seems to have gone out of his way to antagonize the West, which he evidently believes should have done more to help Romania. Implementation of the education tax will cost Romania most-favored-nation tariff status with the US, and it also could damage economic relations with West Germany, Romania's top hard currency trading partner. [redacted]

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In addition, Romania's relations with its allies appear to be going downhill. Bucharest has resisted CEMA and Warsaw Pact integration, and the Romanians reportedly disagreed with the Soviets at the recent summit in Prague. Ceausescu, who apparently does not get along well with General Secretary Andropov, recently has been criticized by Soviet and other East European officials for mismanaging Romania's economy. [redacted]

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Prospects

The anti-Ceausescu focus of recent popular dissent is an ominous new development that could be used against him by future opponents. The President's recent purges of major party figures who had been close to him suggest that he already is having problems convincing colleagues of the wisdom of his policies. His diplomatic setbacks also may be raising questions about his judgment. [redacted]

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Ceausescu seems to have developed no new strategies to reverse the situation. Instead, he has come to rely increasingly on the military and security forces to keep him in power. [redacted]

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Under such circumstances, the Soviets might support a move against Ceausescu if they believed it would succeed and not lead to instability. For now, however, Moscow is likely to be deterred by the apparent lack of alternative leaders in whom it could feel confident and by the unpredictability of popular reaction. [redacted]

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